

Rooms & Accommodations: Sales Tax and Lodging Tax



This regulation is designed to provide general guidance. Nothing in this regulation modifies or is intended to modify the City of Loveland's municipal tax code. It is not intended for legal purposes to be substituted for the Loveland municipal tax code. Taxpayers are encouraged to consult their tax advisors for guidance regarding specific situations.

Taxable rooms and accommodations

This regulation applies to the furnishing of any regular sleeping room or units rented for less than 30 consecutive days. This includes but is not limited to, a hotel, apartment hotel, inn, lodging house, guest house, motor hotel, motel, mobile home, dude ranch, or guest ranch, bed-and-breakfast inns, condominiums, campsites, and time shares of any lodging unit, for which a charge is made for its use. Any rental of a sleeping room or unit for less than 30 consecutive days is taxable and sales tax and lodging tax are required to be collected and remitted.

The 30-day rental rule applies to any customer who pays for the room, as long as the customer is not a broker or travel agent (i.e., Airbnb or Expedia) who is reimbursed by the occupant. **Example:** If a company rents a room for 30 consecutive days, but four different people from that company stay in the room, each at different times within the 30 days, the room charges are nontaxable because *one entity* rented the room. The City of Loveland Revenue policy is not to restrict the 30-day rental to an individual or the same room, but to 30 consecutive days of paid use by any single-payer or customer.

Loveland sales tax and lodging tax applies to the furnishing of space in any auto camp, or trailer court or park, under any concession, permit, right to access, license to use, or any other

agreement by or through which any such space may be used or occupied.

An auto camp is a temporary, overnight lodging accommodation, that specifically caters to persons traveling by motor vehicle, and that offers one or more of the following amenities:

1. vehicle electricity supply;
2. vehicle water supply;
3. a vehicle sewage and wastewater dump station; or
4. a temporary or permanent overnight shelter (such as a tent, yurt, teepee, or other shelter) provided by the owner or operator of the auto camp.

Loveland sales tax and lodging tax does not apply to any temporary, overnight lodging accommodation whose only amenities are stations for charging the engine of an electric vehicle.

Taxable charges

Tax is imposed on any consideration (such as money or any other thing of value) for the use, possession, or the right to use or possess the rented room or space. In general, sales tax and lodging tax applies to the entire amount charged to customers who rent rooms or accommodations, regardless of whether any part of the charge is stated separately on the customer's bill and designated for some specified service. For example, a room cleaning charge is generally considered part of the charge for rooms and accommodations and is therefore subject to sales tax and lodging tax.

Such supplies as toilet tissue, soap, shoeshine cloths, clothes bags, matches, facial tissue, coffee, and other items available for guests' use are deemed supplied to the guest as part of the

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Civic Center, 500 East Third Street Suite 110, Loveland, CO 80537 Tel: 970.962.2698 Fax: 970.962.2927

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taxable sale of accommodations. Linens, furniture, pool equipment and supplies, and similar items are subject to sales tax at the time of purchase by the hotel or motel. [(See [Colorado Springs v. Inv. Hotel Properties](#), 806 P2d375 (Colo. 1991)] If a hotel or motel operates a restaurant or lounge, see Regulation for “Eating and drinking Establishments”.

Similarly, any separately stated charges for the use of pools, spas, or health clubs which accompany charges for rooms and accommodations are also taxable, unless such charges are fully disclosed and truly optional for the customer. Typically, this will require that the use of such pools, spas, or health clubs is available to the general public without the rental of rooms and accommodations.

Banquet and meeting rooms

Sales tax and lodging tax does not apply to the rental of a room used exclusively for banquets or meetings, except that the rental of any room or suite with beds is taxable, regardless of use.

Deposits

Deposits paid, for rooms or accommodations are not taxable when paid in advance. When the rooms or accommodations are provided, any deposits previously paid are taxable.

Deposit forfeits and cancellation charges

The taxability of deposit forfeits and cancellation charges associated with the rental of rooms and accommodations is based on the amount of the charge in relation to the daily reservation rate for rooms and accommodations. If the charge is greater than 50% of the daily reservation rate, it is considered payment for the rental of the room or accommodations and therefore fully taxable. If the charge is 50% or less of the daily

reservation rate, the charge is not considered payment for the rental of the room or accommodations and is not subject to sales tax or lodging tax.

Tax collection and remittance

Anyone who offers taxable rooms or accommodations for rent is required to obtain a sales tax license and collect sales tax and lodging tax on any taxable rental.

Remit your sales tax and lodging tax returns via Loveland’s online portal, Citizen Access or by paper form. Both Citizen Access and the forms are located on our website www.lovgov.org/salestax

Marketplace Facilitators

Rooms and accommodations in Loveland offered for rent through a marketplace, including any online marketplace, are subject to sales tax and lodging tax. Sales tax and lodging tax is calculated on the entire amount charged. The marketplace facilitator is required to collect and remit the sales tax and lodging tax.

Tax-exempt entities

Units of government and non-profit schools are exempt from Loveland sales tax and lodging tax, and these entities may rent rooms for employees or representatives without paying Loveland sales tax or lodging tax, as long as payment is from governmental or school funds.

Some of these entities have a Colorado exempt number, but it is not required. Native American tribal governments are governmental units and are exempt from Loveland sales tax and lodging tax, where payments are made from tribal funds.

Vendors must maintain proof that charges were made under government or school purchase or

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travel orders and paid for directly to the seller by warrant or check drawn on government or school funds. Credit cards may be accepted where a credit card is in the name of the exempt entity and the entity is liable.

See Regulation “Sales Tax Exemptions for Governmental Purchases” for information about credit cards that display appropriate proof for the exemption to apply.

Charitable entities exempt from Loveland sales tax, may rent rooms for accommodations on behalf of persons employed by or performing charitable functions on behalf of the organizations.

Any innkeeper may accept a copy of the exemption form issued by the Colorado Department of Revenue or the number of that exempt account (L98-nnnnn), and payment from the funds of the exempt organization as proof of the right to the exemption. If a charity based outside of Colorado requests exemption, but has no exempt "98" number, the vendor should obtain the charities statement that they are qualified under IRC 501(c)(3), or that they are Veterans Organizations under IRC 501(c)(19) and proof of payment from organization funds.

Conventions for tax-exempt entities

Exempt entities or their associations may provide, and innkeepers may accept as proof of exempt status, a master list of exempt attendees. The master list must identify all individuals of a delegation from the exempt entity (ies) to an event employing an inn, hotel or motel for accommodations. Innkeepers may rely upon such master list as proof of exemption without requiring that the entity be the source of payment to the hotel. Organizations shall provide such master lists in good faith attempts

to identify only individuals using accommodations officially on behalf of the exempt organization, within the organization’s exempt purpose, and with exempt entity funds. Any abuse of this right shall be cause for revocation, and upon notice of revocation of an organization’s privilege, innkeepers will return to the individual transaction method of exemption verification stated in the immediately preceding paragraphs.

Innkeepers shall notify organizations using a master list of the requirements of Loveland law and require organizations to acknowledge that schools, charities, and other entities may not extend their organization’s exemption:

- To any individual for personal use or benefit.
- To any individual or group which reimburses the exempt organization for the cost of rooms used, whether directly, through pooling of individual funds or through donations made as a reimbursement for the cost of rooms.

Exemption for permanent residents

Loveland sales tax and lodging tax does not apply to the amount charged for any room or accommodations rented to any natural person if both of the following conditions are met:

- the person is a permanent resident of such room or accommodations; and
- the person enters into or has entered into a written agreement for occupancy of such room or accommodations for a period of at least thirty consecutive days.

A written agreement includes any legally enforceable written contract for the furnishing of rooms or accommodations, whether made in writing, electronically, or by any other means.

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Evidence of such an agreement includes but is not limited to, a hotel registration or a rent receipt. A canceled check shall not, by itself, qualify as a written agreement.

Utilities

Electricity, any gas, and firewood are subject to Loveland sales tax as purchases at retail when acquired by the lodging provider for heating or lighting rooms, hallways, service areas, and parking areas. Consumption of these services or goods is commercial consumption, not residential.

No portion of the usage is exempt, regardless of whether the use is inside or outside of the rooms for accommodations, and regardless of whether the room charge is subject to sales tax or lodging tax or exempt.

Any charge on a bill for rooms purporting to be a separate charge for heat, lights, or firewood is fully taxable as a necessary component of the services taxed as a charge for the hire of a room or accommodations. The taxability of any separate charge shall not relieve the hotel or motel from the liability for sales or use tax on purchases of electricity, gas, or firewood, as they are not resold in an unused condition. [(See Colorado Springs v. Inv. Hotel Properties, 806 P2d375 (Colo. 1991)]

Telephone charges

Lodging providers that charge their patrons for local and intrastate (within Colorado) long-distance telephone calls are obliged to collect local sales tax and lodging tax on the markup and remit the tax to the City of Loveland Sales Tax Department. This tax is in addition to any taxes already remitted for line charges or for administrative local or intrastate long-distance

phone calls. There is no Loveland sales tax or lodging tax on interstate phone calls.

If lodging providers are **not** charging guests for local calls and are only being reimbursed for the cost of intrastate long-distance calls, you do not have to report these charges to the City of Loveland Sales Tax Department.

Local Calls

No sales tax or lodging tax is due to the City of Loveland if patrons are not charged for local calls. However, any charge to the patron is taxable.

A sales tax deduction may be taken for monthly line charges. This deduction is limited to the lines dedicated to calls made by customers from their rooms and does **not** include lines used for calls by sales or administrative staff. If telephone lines are dedicated to room use, a tax deduction can be taken for those lines. If it cannot be determined which lines are dedicated or if lines are **not** dedicated to a particular use, the deduction can be determined by applying the following formula:

Divide the number of local calls billed to patrons by the total number of local calls made from the hotel/motel or accommodations. Then, multiply the result by the total line charges paid to the telephone company for local service.

Long Distance Calls

Intrastate (within Colorado):

All intrastate long-distance calls are subject to local sales tax, whether the calls are placed by patrons or staff. The entire amount charged to the patrons for intrastate long-distance telephone calls (including markup) is subject to sales tax. A sales tax deduction may be taken based on the tax already paid to the long-distance carrier for such calls and remit tax on the remainder to the Sales Tax Department. The

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total amount on which tax was paid to the long-distance carrier should be listed on the back of the "City of Loveland Sales Tax Return" as an "Other Deduction."

Interstate (outside Colorado):

These calls are **not** subject to local city sales tax.

Additional resources

Loveland Tax Code:

[Sales Tax 3.16](#)

[Lodging Tax 3.24](#)

Colorado Revised Statute:

§ 39-26-102, C.R.S., Definitions

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